

Message Text

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E.O. 11652: N/A
TAGS: ECON, YO
SUBJECT: YUGOSLAV MEDIUM TERM DEVELOPMENT PLAN 1976-1980

REF: BELGRADE 2052

SUMMARY: WELL OVER SIX MONTHS OVERDUE, THE MEDIUM-TERM DEVELOPMENT PLAN 1976-1980 WAS PASSED BY THE YUGOSLAV FEDERAL ASSEMBLY ON JULY 20. WHILE SETTING NUMEROUS AMBITIOUS TARGETS FOR ECONOMIC PERFORMANCE, IT LEFT KEY QUESTIONS ON ITS IMPLEMENTATION UNRESOLVED. THESE ARE TO BE ADDRESSED IN A SERIES OF SOCIAL AGREEMENTS DRAFTED AND APPROVED BY THE REPUBLICS AND AUTONOMOUS PROVINCES BY THE END OF THE YEAR. END SUMMARY.

1. TEXT OF PLAN NOT YET PUBLISHED. ACCORDING TO THE PRESS, THE APPORVED PLAN IS ESSENTIALLY THE SAME AS DRAFT CIRCULATED ONE YEAR AGO WITH SMALL REFINEMENTS. KEY GOALS OF THE PLAN INCLUDE:

ANNUAL INCREASE
GNP 7 PERCENT

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INDUSTRIAL PRODUCTION 8 PERCENT

AGRICULTURAL PRODUCTION	4 PERCENT
PRODUCTIVITY	4 PERCENT
REAL NET INCOME	7 PERCENT
INDUSTRIAL INVESTMENT	8.5 PERCENT
PERSONAL CONSUMPTION	6 PERCENT
EMPLOYMENT	3.5 PERCENT
EXPORTS	14 PERCENT
IMPORTS	10 PERCENT
FOREIGN TOURIST-NIGHTS	7 PERCENT
FIVE YEAR TOTALS	
NEW APARTMENTS	820,000
NEW ROADS	1,300 KMS.
NEW TOURIST BEDS	200,000
RAILWAY LINES ELECTRIFIED	1,200 KMS.
NEW JOBS	880,000
TARGET PRODUCTION	
IN 1980	1975 FIGURES
ELECTRICAL ENERGY	65-70 BILLION KWH 40 BILLION KWH
COAL	55-58 MILLION TONS 36 MILLION TONS
DOMESTIC OIL	
PRODUCTION	4.6 MILLION TONS 3.6 MILLION TONS
CRUDE OIL IMPORTS	9.6 MILLION TONS 7.4 MILLION TONS
WHEAT AND RYE	6 MILLION TONS 4.49 MILLION TONS
CORN	11 MILLION TONS 9.4 MILLION TONS
MEAT	1.25 MILLION TONS 1,015 MILLION TONS
ALUMINUM	350,000 TONS 170,000 TONS
IRON ORE	11 MILLION TONS 5.2 MILLION TONS
COPPER	185,000 TONS 138,000 TONS
LEAD	225,000 TONS 126,000 TONS
ZINC	155,000 TONS 98,000 TONS
ALUMINA	1.55 MILLION TONS 450,000 TONS

2. PRELIMINARY REPORTS INDICATE THAT THE CONTROVERSY REPORTED IN REFTEL CONCERNING AID TO THE UNDERDEVELOPED REPUBLICS AND KOSOVO HAS BEEN RESOLVED BY COMPROMISE. WHILE UNDERDEVELOPED REGIONS WILL RECEIVE LARGER CONTRIBUTIONS FROM THE REPUBLICS (1.97 PERCENT OF SOCIAL PRODUCT AS WHICH CONFIRMS REMARKS OF CROATIAN EXEC. COUNC. PRES. TO AMB RPTD REFTEL) OPPOSED TO 1.94 PERCENT IN THE PREVIOUS PLAN), INVESTMENTS IN UNDERDEVELOPED AREAS BY INDIVIDUAL ENTERPRISES LIMITED OFFICIAL USE

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LOCATED IN DEVELOPED REPUBLICS WILL BE COUNTED AS PART OF DEVELOPED REPUBLICS CONTRIBUTION TOWARDS UNDERDEVELOPED AREAS. UNDERDEVELOPED REGIONS HAD OPPOSED THIS BECAUSE OF THEIR LACK OF CONTROL OVER THE LOCATION AND TYPE OF INVESTMENT WHICH IS MADE UNDER THIS SYSTEM.

3. PRIORITY SECTORS, WHICH ARE TO RECEIVE UP TO 65 PERCENT OF TOTAL AVAILABLE INVESTMENT, INCLUDE ENERGY, AGRI-BUSINESS,

RAW MATERIALS, FOREIGN TOURISM, SHIPBUILDING, INTER-REPUBLICAN COMMUNICATION, MACHINE BUILDING, FERROUS AND NON-FERROUS METALLURGY, AND CHEMICALS. QUESTIONS CONCERNING ALLOCATION OF FUNDS BETWEEN REPUBLICS AND BETWEEN PRIORITY SECTORS ARE TO A LARGE EXTENT UNRESOLVED AND ARE TO BE WORKED OUT BY THE REPUBLICS AND AUTONOMOUS PROVINCES IN SOCIAL AGREEMENTS WHICH ARE TO BE COMPLETED BY THE END OF THE YEAR.

4. COMMENT: DESPITE A DELAY OF ALMOST A YEAR, DURING WHICH BASIC TARGETS WERE CHANGED VERY LITTLE, AGREEMENT HAS NOT YET BEEN REACHED ON THE MOST IMPORTANT FACTOR IN YUGOSLAVIA'S MEDIUM-TERM DEVELOPMENT: THE CHANNELING OF PRIORITY SECTOR INVESTMENT INTO SPECIFIC PROJECTS AND SPECIFIC REPUBLICS. AS MANY OF THESE INVESTMENTS ARE LONG TERM, ESPECIALLY IN THE ENERGY AND RAW MATERIALS AREAS, THIS DELAY WILL MAKE ALREADY AMBITIOUS PRODUCTION GOALS EVEN MORE DIFFICULT TO ACHIEVE. INDEED THIS IS POSSIBLY WEAKEST LINK IN PLAN. CURRENT STAGNATION IN PRODUCTION SUGGESTS THAT SIGNIFICANT SHORTFALL IN CURRENT YEAR'S GOAL VERY LIKELY. IT WILL BE EVEN MORE DIFFICULT, THEREFORE, TO GET PLAN BACK ON TARGET IN SUBSEQUENT YEARS AND PERCENT INCREASES NECESSARY TO DO SO COULD HARDLY AVOID STOKING UP INFLATIONARY FIRES. WE PLAN MORE EXTENSIVE ANALYSIS OF PLAN WHEN TEXT BECOMES AVAILABLE TO US.

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